



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT

Division of Economic Support
Bureau of Work Support Programs

TO: **Economic Support Supervisors
Economic Support Lead Workers
Training Staff
Child Care Coordinators
W-2 Agencies**

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SUBJECT: **PROSPECTIVE BUDGETING**

BWSP OPERATIONS MEMO

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Non W-2 ☒ W-2 ☐ CC ☐

PRIORITY: High

CROSS REFERENCE: **Income Maintenance Manual**, Chapter I, Part C, Verification
Operations Memos 97-113, 99-09, & 00-43
Food Stamp Handbook (FSHBK), Appendix 13
CARES Guide, Chapter IV, Part A, 7.0.0

PURPOSE

This memo provides clarification of the prospective budgeting policy and process.

BACKGROUND

This memo was developed in response to questions and requests for clarification of the prospective budgeting process. The same prospective income budgeting process is used for all programs. Concern for the Food Stamp (FS) Program error rate has also prompted the writing of this document. Although we provide clarification of existing policy, it remains important that Economic Support Specialists (ESS) use their best and reasonable judgment in determining prospective income for all those unique sets of customer circumstances. In any case, adequate verification and documentation of the prospective income estimate is essential to ensure payment accuracy.

Since prospective budgeting estimates entered in CARES can affect several programs, this memo is all inclusive. It is not the purpose of this memo to note the differences in policy between programs. ESS are expected to know the differences in policy between programs. For example, Child Support is not budgeted in the Child Care or W-2 programs, but is mentioned here because it is budgeted for FS and Medicaid. Prospectively estimate a budget using information that is needed for the specific assistance group(s) in each case.

EARNED INCOME

When prospectively budgeting an applicant's income, take into consideration the income already received by the household and any anticipated income the household and the agency are reasonably certain will be received during the certification period.

ARRIVING AT THE BEST ESTIMATE

Any time a best estimate of income determination is being made, always take into consideration:

1. Rate of pay (has it changed; is it going to change?)
2. Hours of work (is there a shift differential?)
3. Are bonuses, tips or commissions paid, and if so, how often?
4. Is there any recent overtime? Is it expected to continue in the future?
5. Pay dates and length of pay periods (are any stubs missing?)
6. Is the position considered full or part time by the employer?
7. Have all sources of income that have ended been verified?

NOTE: Remember, do not use past income as an indicator of anticipated income when changes in income have occurred or can be anticipated during the certification period.

UNCERTAIN INCOME

If the amount of income that will be received or the date of receipt is unknown or uncertain, do not count that portion of the household's income. However, if the exact amount of the income is unknown, but a portion of it can be anticipated with reasonable certainty, count the income.

Example 1: Ms. Smith is applying for FS. At her interview, she states that she has applied for and will be getting SSI benefits, but that she has not yet received her award letter. The SSI income would not be budgeted until she receives the award letter and can reasonably anticipate when the payments will begin and how much they will be.

Example 2: Jesse Waitperson has just started working in a restaurant waiting tables. He is paid \$2.33/hour plus tips. Jesse and his employer both state that tips will vary and there is no way to project how much he will earn in tips. When this occurs, encourage the employer to give a best estimate, accept the employer's statement, and document it in CARES. At review, Jesse should be asked to submit his check stubs to determine a reasonable best estimate of his prospective income.

FLUCTUATING INCOME

Use income received during the **last 30 days** as an indicator of the income that is and will be available to the household during the certification period **unless** that income does not accurately indicate changes in income that have occurred or are anticipated to occur.

Example 3 Joanna works at a local retail store. They offer very little time off with pay. Every fall she takes a week off (without pay) to go deer hunting. If the ESS were doing a review for Joanna and that time without pay were included in the past 30 days, this would not be the most accurate indication of what Joanna's income will be for the next certification period. In this instance, the ESS could use what Joanna would have received if she didn't go deer hunting as the most accurate picture of Joanna's future anticipated income. The ESS must document the reason for this action.

Example 4: Jane Doe is at her certification review on September 15th. Her income must be verified. She reports no change in her income and she has her paychecks dated August 10th and August 24th with her. She states she anticipates no change in her income in the future and that these two checks accurately represent what she expects to receive in the future. The ESS knows she received another more recent check on September 7. Policy states that the last 30 days is the period that should be considered when estimating income unless it is not an accurate indicator of what to expect in the future. Ms. Doe must submit further verification before the prospective income can be determined. The check stubs from 8/24 and 9/7 must be used to calculate the prospective income unless they are not an accurate representation of what she expects to receive in the future. If verification is not submitted, deny or close the case.

Example 5: Jane Doe is at her intake interview on September 15. Her income must be verified. She has her last four paychecks with her. She is paid weekly by her employer and her last four checks (dated 9/15, 9/8, 9/1, 8/25) are in the amounts of \$387; \$360; \$339.75 and \$468, respectively. The total income for these four checks is \$1,554.75. Using the 4.3 conversion factor (used because there is actually an average of 4.3 weeks in each month) the estimated income calculation should be:

$$\$387.00 + \$360.00 + \$339.75 + \$468.00 = \$1,554.75 \div 4 = \$388.68 \times 4.3 = \$1,671.32$$

(See "Converting to a Monthly Amount")

Note: This example would be budgeted in the same manner if this were Jane's recertification interview instead of her intake interview.

WIDELY FLUCTUATING INCOME

If income fluctuates to the extent that a 30-day period alone cannot provide an accurate indication of anticipated income, the agency and the household may use a longer period of past time if it will provide a more accurate indication of anticipated fluctuations in future income. To average widely fluctuating income, use the household's anticipated income including fluctuations anticipated over the certification period. In any case, clearly document the reasoning for the prospective income estimate.

Example 6: John Decorator works at a Dairy Queen Store. He is paid a regular hourly wage plus he receives bonuses based on the number of cakes he decorates. Although the number of birthday cakes he decorates in a pay period remains somewhat stable, holidays also affect the number of cake decorating orders John receives. In this type of situation, looking at only the most recent 30 day period would not give a very accurate indication of the household's anticipated income. The ESS may choose to look at a longer period of check stubs to determine the best estimate of John's prospective income.

Example 7: Tommy Trucker works between 10 and 60 hours per week, depending on how much work is available. In this instance, the ESS should use a period of time that reflects a best estimate average (i.e. a 2-month average or a 3-month average).

Example 8: Olivia Overtime works in a factory that sometimes mandates overtime and sometimes offers overtime as a choice. The amount of overtime Olivia works depends on her kids' schedules and whether or not it's mandatory or by choice. In a situation such as this, the ESS may need to use more than a 30-day time period to determine a reasonable best estimate of Olivia's prospective income.

Example 9: Carla Companion begins work as a home companion for Happy Senior Homemakers Association. Her hours will vary depending on her client's needs. She has one regular client at this time. Currently her work schedule alternates each week. One week she will work six hours at \$6/hour. The next week she will work nine hours at \$6/hour and six hours at \$7/hour because it will be evening hours (shift differential). Then the next week 6 hours at \$6/hr again, and so on. She will be paid *biweekly*. She will receive her first paycheck on 1/5. Her prospective income would be calculated in the following way:

Option #1		Option # 2
Wk ending 1/5	6 x \$6 = \$ 36/wk	\$ 36/wk x 2.15 = \$ 77.40
Wk ending 1/12	9 x \$6 = \$ 54/wk.	
	6 x \$7 = \$ 42/wk.	\$ 54/wk x 2.15 = \$ 116.10
Wk ending 1/19	6 x \$6 = \$ 36/wk.	
Wk ending 1/26	9 x \$6 = \$ 54/wk.	\$ 42/wk x 2.15 = \$ 90.30
	6 x \$7 = \$ 42/wk.	
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	\$ 264.00/4 = \$66.00	\$ 283.80 per month
	x 4.3 = \$283.80 per month	

At review, Carla should submit her check stubs to verify her wages and her ESS must determine a new best estimate of Carla's prospective income.

In all cases, document the reasoning for the income verification requested and used to determine the best estimate of prospective income.

NOTE: If the ESS believes the last 30 days' income is not an accurate reflection of what can be anticipated in the future (based on discussion with either the customer or the employer), document the reason s/he is requesting and using either a longer period of time or a shorter period of time in case comments.

CONVERTING INCOME TO A MONTHLY AMOUNT

Whenever income is received on a weekly or biweekly basis, convert the income to a monthly amount by multiplying average weekly amounts by 4.3 and biweekly amounts by 2.15. This conversion takes into consideration the fact that there will be extra paycheck months throughout the year.

Example 10a: John comes in for his intake interview on July 7th. John's employer pays him every other Thursday at \$6.50/hr. He submits check stubs for July 6th and June 8th as verification of his income. The ESS knows that there was a check received on June 22nd. Since policy states that the ESS should be looking at the last 30-day period to determine prospective income, s/he will need the amount of the missing check stub to determine the prospective amount. Because the check stubs show year to date income amounts, the ESS can tell how much the missing check was.

6/8 Check:

Gross income = \$520.00
 Net income = \$480
 YTD gross = \$3,650
 YTD net = \$2,880.00.

7/6 Check:

Gross income = \$520.00
 Net income = \$480.00
 YTD gross = \$4,664.00
 YTD net = \$3,804.00

7/6 YTD gross – 7/6 gross income = 6/22 YTD.

The 6/22 YTD - 6/8 YTD = 6/22 gross.

(\$4664.00-\$520.00=\$4144) and (\$4144.00-\$3650.00=\$494.00)

\$494/\$6.50 (the hourly rate) = 76 hours

John does not anticipate a change in his work schedule in the future. He says he will probably be working 76 hours one pay period and 80 hours the next because he has to take off a couple hours on some Fridays. Using the 2.15 conversion factor (because he is paid biweekly), the estimated income calculation should be:

$\$520.00 (7/6) + \$494.00 (6/22) = 1014.00 \div 2 = 507.00 \times 2.15 = \1090.05

Note: If John had stated he wasn't sure if his schedule would change again, the ESS should use all three check stubs to come up with the average. Also, this scenario would be budgeted in the same manner if this was John's review.

If income is received on a semi-monthly basis (i.e. 1st and 15th of every month), multiply the average semi-monthly pay by 2 to determine the best estimate of anticipated income. When a new job is reported, the ESS may use 2.15 or 4.3 as a multiplier to determine an initial best estimate until an average can be determined.

Example 10b: Tommy Cinema reported starting a new job at Video's R Us. He will make \$6.50/hr and work 30 hrs per week. He will be paid semi-monthly. The ESS could use the following formula to determine the best estimate of Tommy's income in the first full month: $\$6.50/\text{hr} \times 30 \text{ hrs/wk} \times 4.3 = \$838.50/\text{month}$. When Tommy completes his review his actual pay stubs should be used to determine his average semi-monthly income. The average would then be multiplied by 2 to determine Tommy's prospective monthly income.

PARTIAL MONTH'S INCOME

An AG with income budgeted prospectively may have actual plus anticipated income for the current month and best estimate income for future months used in the eligibility determination. If the income starts or stops in the month and a full month's income (i.e. at least 2 biweekly pays or 4 weekly pays) is not received, then income would not be converted but the actual amount used.

Example 11: Marilyn applies for FS on 09/20/00. She had been working at 2 part-time jobs, one at Pizza To Go and one at Gas and More. She was fired from her job at Pizza To Go on 09/05/00 and received her last paycheck from that employer on 09/10/00. Her job at Gas and More continues. Use September's actual income from Pizza To Go (not converted) plus the anticipated income (converted) from Gas and More to determine eligibility for September. Use the best estimate of income for October to determine eligibility for October.

Do **not** consider income received on a monthly or semi-monthly basis varied merely because of changes in mailing cycles or pay dates or because weekends or holidays cause additional payments to be received in a month.

Example 12: Jo Employee is paid on the 1st and 15th of each month. Her income is prospectively budgeted by adding 2 paychecks together. However, since January 1st is a holiday in her office, she will be receiving her check for January 1st on December 29th. Although she actually received 3 paychecks in December (1st, 15th, and 29th), only 2 paychecks (12/1 and 12/15) would be budgeted for December. The 12/29 and 1/15 checks would be budgeted for January, etc.

CONTRACT INCOME

Contract income may or may not represent the household's annual income. Contract income that is not the household's annual income and is not paid on an hourly or piecework basis must be prorated over the period the income is intended to cover (i.e. school employees, farmers and other self-employed households). These provisions do not apply to migrants or seasonal farm workers.

Example 13: Joe Teacher has a 12-month contract with the school. This represents the household's annual income. He can elect to have his annual salary paid out to him over 9 months or 12 months. For FS purposes, his salary would be budgeted over 12 months even if he elects to receive his salary over 9 months.

INCOME FROM TEMPORARY EMPLOYMENT

Income from temporary employment may fluctuate in number of hours and pay rate depending on the assignment. Make the best reasonable estimate of anticipated income based on verified information. It may be necessary to contact the employer if the verification provided by the customer is incomplete or questionable. If a customer is registered with a temporary agency, but has not yet accepted an assignment, the employment agency is entered on AFEI as the employer, with "0" hours and "0" income budgeted on the detail screen. Document this information including the reasoning why an employer is listed with no budgetable income.

Example 14: Justine is in for her review. She has been registered with Titan Temporary Employment Agency and has worked full time up until about 10 days ago. The temporary agency told her they would call her the next time they had a job for her to do. She has contacted them every day, but nothing is available at this time. Justine provides verification that she last worked for this employer 10 days ago and that although she remains registered with the agency, they have not currently assigned her to a job. The ESS enters 0 hours and 0 income for this employer but does not end date the employment.

Example 15: Justine has decided to try another temp agency. She registers with Ernie's Employment Agency. They verify on an employment form that she will be working 40 hours per week at \$6.50/hr and that she will be paid weekly. So far, in the last two weeks, Justine has been called to work 30 hours one week and 25 the next. Justine provides check stubs to verify her actual hours and gross wages for the past 2 weeks. She says that she has been unable to obtain further verification from the employer. Since the employer statement and the check stubs are inconsistent, the ESS calls the employer and verifies that although Justine's assignment was initially intended to be 40 hours per week, the actual hours offered by the job site have varied and will continue to be between 25 and 40 hours per week. The employer states that this is part-time employment.

Option 1: The ESS uses an average of the hours and wages on the 2 check stubs that Justine has provided to determine a prospective estimate of her income.

Option 2: The ESS uses the collateral contact with the employer and uses an average of 32.5 $[(25+40)/2=32.5]$ hours per week to determine a prospective estimate of Justine's income.

In both options, the ESS must document the collateral contact with the employer and the reasoning for the prospective estimate.

Example 16: The Titan agency calls Justine back and offers her a part time placement. Since she isn't getting enough hours with Ernie's, she decides to work for both agencies at the same time and coordinate her schedule with them. Now she has two employers with two varying schedules, pay periods and hourly wages. Verification is required from both employers in order to determine a prospective income estimate. Separate employment screens must be completed in CARES and the reasoning for the prospective income estimate must be documented for each job.

VERIFICATION

The household has primary responsibility for providing documentary evidence to support statements on the application and to resolve any questionable information. However, you **must** assist the household in obtaining this verification if the household is otherwise cooperating and is unable to obtain the verification **and** requests the agency's assistance in obtaining the verification.

The general Income Maintenance verification rules are as follows:

1. Only verify those items required to determine eligibility and benefits for the programs for which you are testing eligibility.
2. Do not verify an item that is not required to be verified and is not documented as questionable.
3. Avoid over-verification (requiring excessive pieces of evidence for any one item). If you have all the verification you need, don't continue to require added verification.
4. Do not verify information already verified unless you believe the information is fraudulent or differs from more recent information. If you suspect fraud exists, determine if you should make a referral for fraud or for front-end verification.

5. Do not exclusively require one particular type of verification when various types are adequate and available.

Example 17: If Joan Worker receives an employment verification form completed by the employer which contains all necessary information to make a reasonable estimate of prospective income and the information is not questionable, s/he must **not** also require the client to submit check stubs. The opposite also holds true. If the customer submits several check stubs which contain enough information to make a reasonable estimate of prospective income and the information is not questionable, the ESS must not also require the customer to submit a form completed by the employer.

Verify income for all households through documentary evidence or collateral contact.

Documentary evidence is written confirmation of a household's circumstances; examples include wage statements or check stubs, rent receipts, utility bills, and employment verification forms. Although documentary evidence should be the primary source of verification, acceptable verification cannot be limited to only this type of source and may be obtained through the household or other sources. "Other sources" include collateral contacts which are oral confirmations of a household's circumstances by a person outside of the household. Collateral contacts may be made in person or by telephone.

If all attempts to verify the income have been unsuccessful because the person or organization providing the income has failed to cooperate with the household and agency (for example, by charging a fee or refusing to complete a verification form), and all other sources of verification are unavailable, determine an amount to be used for certification purposes based on the *best available information*. Clearly document the attempts to obtain verification and the reasoning for the estimate that is used. Best available information may include but is not limited to:

1. One or more check stubs from past pay periods (i.e. more than 30 days ago)
2. Customer statement (oral or written)

As in all cases, instruct the client to keep all statements and check stubs for future verification purposes.

Example 18: Josephine applies for FS on 9/1. She is asked to verify her income. Before she has a chance to submit the verification, a fire destroys most of her belongings. She has one old check stub from 8/1 in her purse. All attempts to contact the employer to verify her income have failed. It is now 9/30. Josephine states her hours and pay have not changed since that check stub in August. She states she works an average of 38 hours per week at \$8.00 per hour and that she is paid every week on Tuesday. In this set of circumstances the ESS would budget $38 \times \$8.00 \times 4.3 = \$1,307.20$ income per month and document the circumstances in CARES. The ESS would not be required to verify further until the next review or customer reports a change.

SELF EMPLOYMENT INCOME

Self employment income is income earned directly from one's own business – not as an employee with specified salary or wages. Self employment income is budgeted based on information submitted on Self Employment Income Reporting Forms (SEIRFs) and/or IRS tax forms. CARES will budget self employment income correctly for all programs as long as the gross income, gross expenses, and disallowed expenses are entered accurately on screen AFSE.

IRS tax forms are used if :

1. The business was in operation for at least 1 full month during the previous year, **and**
2. The business has been in operation 6 months or more at the time of application or review, **and**
3. The person doesn't claim a change in circumstances from the previous year.

In this set of circumstances, ask for the previous year's tax returns to determine the best estimate of future income (see also Assets, Deductions and Depreciation sections).

If **all 3** of the above criteria are **not met**, determine and budget anticipated earnings using SEIRFs. The customer must complete SEIRFs for the months the business was in operation.

1. If the business has been in operation for 6 months or more, calculate the monthly average using SEIRFs for each of the past 6 months.
2. If the business has been in operation for less than 1 month, the customer must estimate his/her income and expenses for 2 months using SEIRFs. Base the initial calculation on an average of those 2 anticipated months' income. The customer will then submit a new SEIRF each month for a 6-month period. Each month a SEIRF is submitted, recalculate the average.
3. If the business has been in operation for more than 1 month, but less than 6, determine the initial anticipated income using SEIRFs for the months the business has been in operation to calculate the average. The customer will then submit a new SEIRF each month until a 6-month period has been reported. Each month a SEIRF is submitted, recalculate the average.

If the household has experienced a substantial increase or decrease in business, the agency should not calculate the anticipated self employment income based on prior income. In this instance, the applicant or recipient must begin the averaging process again (see #2 above and **FSHBK 13.5.2.1**).

Example 19: Joyce Provider began a daycare center in September. Her business got off to a slow start because initially she was certified to care for only 2 children. After her business was open for 5 months, she found a larger space and was able to care for many more children. In this instance, when the circumstances change and her income was increased and that increase is anticipated to continue, a new average needs to be started.

Keep track of whether or not SEIRFs are received. A best practice may be to use the Expected Changes screen (ACEC) to generate CARES alerts to request and process SEIRFs.

DIVIDENDS & ROYALTIES

Dividends or royalty income are considered unearned income and should be entered on screen AFUI.

RENTAL INCOME

Rental income is self employment income. It is **earned** if the owner actively manages the property for 20 hours or more per week. Otherwise, consider it **unearned** income. Both are

entered on AFSE. A “Y” in the self-managed field on AFSE will tell CARES to budget this income as earned. A “N” in this field will cause CARES to budget the income as unearned.

ASSETS

Assets directly related and essential to producing goods or services can be excluded if the non-farm business passes the profitability test (see **FSHBK** Appendix 13.3.1.1 for details).

DEDUCTIONS

Shelter and utility expenses used as a business deduction for tax purposes cannot also be used as deductions for FS purposes. If a portion of the shelter and utility expenses are used as a deduction for tax purposes, the remainder can be used as an FS shelter and utility deduction. Fully document the portion of shelter cost used as a business expense deduction vs. a household shelter deduction.

DEPRECIATION

Remember when completing the self employment income worksheets to adjust the income figure on the IRS tax forms, net income and depreciation are identified. Since depreciation is not an allowable expense for FS purposes, the depreciation expense is added back in (see **FSHBK** 13.5.1.3).

FLUCTUATING SELF EMPLOYMENT INCOME

If the self employment income is such that a 6-month period alone cannot provide an accurate indication of anticipated income, the agency and the household may choose a longer period of past income if the longer time period will provide a more accurate indication of anticipated fluctuations in future income. To average fluctuating self employment income, you may continue to average the SEIRFs over a longer period of time to more accurately reflect fluctuating income. Document in CARES the reasoning for the income estimate.

Example 20: Jean Builder started a construction business in August. She reported this to her ESS and was asked to begin submitting SEIRFs on a monthly basis. She submitted SEIRFs for August (\$0), September (\$0), October (\$0), November (\$0), December (\$1,500) and January (\$0). The December income was a partial payment for the project, the final payment is due in March when the project is completed. The ESS in this case would continue to average the monthly income until at least the end of March in order to capture all the income.

Example 21: Junior Construct started his own construction business in November. He reported this to his ESS and was asked to complete six months of SEIRFs. He submitted SEIRFs for November (\$0 income after deductions), December (\$0 income after deductions), January (\$100 income after deductions), February (\$150 income after deductions) and March (\$500 income after deductions). Due to the nature of this type of self employment income (busier in warmer weather), continuing to average SEIRFs for up to a year would be the appropriate thing to do.

UNCERTAIN SELF EMPLOYMENT INCOME

Self employment income, by its very nature is somewhat uncertain. Use of SEIRFs and/or IRS forms to determine monthly average income takes this into consideration.

UNEARNED INCOME

Unearned income includes, but is not limited to W-2, SSI, Social Security, retirement benefits, Workers Compensation, and Unemployment Insurance. Budgeting unearned income is just as important and is very similar to budgeting earned income. Determine first what monthly income is expected from this source. Document clearly on CMCC or AFDU how the calculation was made and the rationale for that calculation. Following are several child support scenarios to illustrate.

Example 22: Joan Smith is in for her 3-month FS recertification appointment. She is receiving \$65 per week in child support payments. She states that she has no reason to believe these payments will change. KIDS indicates the non-custodial parent is ordered to pay \$65 every Friday. The payment history indicates this is being done. The calculations for this unearned income are:

$$\$65 \times 4.3 = \$279.50.$$

Example 23: At her 3-month FS certification, June Jones indicates she receives child support every month but never knows how much it will be or when she will receive it. She indicates she believes the non-custodial parent is still working so she anticipates continuing to receive child support. KIDS indicates he is ordered to pay \$72 per week on Wednesday; however, records show he pays varying amounts and does not pay on a fixed schedule. In the last 3 months, June has received \$163.89 in December, \$258.69 in January and \$203.15 in February. To calculate a monthly average of this fluctuating income, the ESS would use the following:

$$\$163.89 + \$258.69 + 203.15 = \$625.73 \div 3 = \$208.57$$

Example 24: At her review in May, Judy Wonder indicates she received child support last month, but hadn't received anything prior to that for at least two months. She states she can never predict when or if she will receive anything from the non-custodial parent. KIDS indicates he is ordered to pay \$80 biweekly. However the payment history indicates he paid \$80 in December and \$245 in February which was a tax intercept applied to arrearages. No other payments have been made.

Because payments are so sporadic and unpredictable in their frequency or amount, no child support income would be budgeted in this instance.

Since child support amounts and payment dates frequently fluctuate, a best practice may be to average the child support paid in the 3 months prior to the review month. In some circumstances, more or less than 3 months can be used. Consider changes that have occurred or can reasonably be anticipated to occur when making the prospective estimate. In any case, verify and clearly document the reasoning for the prospective income estimate.

EXPENSES

It is important to ask and accurately answer all the expense questions in CARES so that any and all expense deductions to which a household is entitled are used when determining the FS benefit amount.

Allow a deduction **only** in the month the expense is billed or otherwise becomes due, regardless of when the household intends to pay the expense. For example, include rent that is due each month in the household's shelter costs, even if the household has not yet paid it.

Deduct an expense **only** once. Amounts carried forward from past billing periods are not deductible, even if included with the most recent billing and actually paid by the household if already used as a deduction in the past.

See Operations Memo 00-69 for more detail on budgeting medical expenses.

BEST ESTIMATE

Fluctuating expenses may be averaged. One-time only expenses may be averaged over the entire certification period in which they are billed. For example, if a household receives a quarterly water bill, the bill may be averaged over a three month period. This includes medical expenses reported during the certification period that may be averaged over the remaining months or as a one-time only expense. The same conversions used for prospectively budgeting income will be used to prospectively budget expenses billed on a weekly or biweekly basis.

Calculate a household's expenses based on the expenses for which the household expects to be billed during the certification period. Anticipation of the expense will be based on the most recent month's bills, unless the household is reasonably certain a change will occur.

Example 25: Janet receives child care assistance, but also provides verification that she is obligated to pay her provider \$15 per week out of pocket. The monthly expense calculation would be:

$$\$15 \times 4.3 = \$64.50 \text{ per month}$$

CHANGES

FS households certified for up to 3 months and with earned income are required to report the following changes within 10 days:

1. Household composition
2. Unearned income of \$25 or more
3. Earned income changes in rate of pay
4. Full or part time employment status (as defined by the employer)
5. Source of earned income
6. Address, rent/mortgage, or utility amounts if household moves
7. Vehicles (buying or selling)
8. Total cash and savings for all household members that exceed \$2000 (\$3000 for FS groups that have a member 60 or over)
9. Changes in child support obligations.

ALL REPORTED CHANGES MUST BE ACTED ON BY THE ESS

A best practice may be to use form DES-2377 Change Worksheet to ensure that all information relative to the change has been gathered and verified and that all appropriate CARES screens have been updated.

CHANGES RESULTING IN AN INCREASE IN BENEFITS

For changes (other than exceptions noted below) that result in an increase in benefits, make the change effective no later than the first allotment issued 10 days after the date the change was reported to the local agency. If the change is reported 10 days or more before the next

issuance, but too late for CARES to adjust the allotment to the increased amount, a supplement must be issued.

Example 26: David reports a \$30 decrease in his income on May 15th (before adverse action), his FS benefits would increase for June. If he reported the \$30 decrease on May 28th (after adverse action), the FS benefit would increase for July.

EXCEPTIONS: PERSON ADDS OR DECREASES IN INCOME OF \$50 OR MORE

For a person addition or a gross monthly income decrease of \$50 or more that results in an increase in benefits, make the change effective no later than the first allotment issued 10 days after the date the change was reported. However, in no event are these changes to take effect any later than the month following the month in which the change is reported. If the change is reported after adverse action, issue a supplement.

Example 27: If Doris reports a \$100 decrease in income anytime during the month of May, her June allotment should be increased. If she reports it before adverse action, CARES will issue the increased June amount. If she reports it after adverse action, the ESS will need to issue a supplement by June 10th.

CHANGES RESULTING IN A DECREASE IN BENEFITS

If a household's benefit level decreases or ends as the result of a change, issue a 10 day notice. The decrease in benefits will then take effect no later than the allotment for the month following the month in which the notice of adverse action period has expired.

Example 28: Josie calls on 9/15 to report an increase in her hours of employment and in her hourly wage. She is asked to verify the information. She submits an employer's statement on 9/20. The ESS enters the verification, CARES issues a 10 day notice and FS will be reduced effective 11/1.

Example 29: Jennifer has been sanctioned for not participating in FSET. She has served 2 months of her sanction, but just got a job on 10/16 working full time. On 10/21, she reported and verified to her ESS she will be making \$800 per month and will receive her first paycheck on 10/30. Since Jennifer is now exempt from the FSET program requirements, she can be added back to the FS group. Since this is a person add, she is to be added back to the first of the month. Since her new income will actually decrease the FS allotment, she is entitled to a 10-day notice before that decrease takes affect. Her FS will decrease beginning December 1.

Example 30: Jerrod is moving into Stephanie's home and FS group on October 17th. This change has been reported to the ESS. His monthly income is \$1,500, which makes the household ineligible. Although, technically, we add him back to the beginning of the month, because the FS are closing, we must give the family 10 days notice before closing the FS allotment, so October would not be an overpayment and the FS would close for November. If Jerrod's income were not enough to put the family over the limit, but would still be decreasing the FS amount, the same would hold true.

VERIFICATION

The agency must allow the household 10 days from the date the change is reported to provide required verification. If the verification is provided within this period, act on the changes within the timeframes specified above. The timeframes run from the date the change was reported, not from the date of verification.

If, however, the household fails to provide the verification within the days after the change is reported, but does provide it later, the timeframes for taking action on changes run from the date verification is provided rather than from the date the change is reported. If the verification is provided after FS is closed, a new FS application is required.

Example 31: Jacob reports an increase in his rent expenses to his worker on 9/10. He states that his landlord is charging him an additional \$50 per month rent as of 9/1. Jacob is given until 9/20 to verify the change. If the ESS receives the verification timely, and his FS increase as a result of that change, he is entitled to an increase in his FS effective 10/1.

If he doesn't submit his verification until 9/25 (after the 10-day verification period expires) and because it is after adverse action, the FS benefits would not increase until 11/1.

LATE REPORTING

This refers to instances where a change which is not reported within the ten-day reporting period, is subsequently reported. The change would take effect the next possible payment month. If the resulting change decreases FS benefits, determine any overpayment that occurred. However, if the change results in an increase in FS benefits, you are not required to issue supplemental or auxiliary FS benefits prior to the date the change was reported.

The only exception to this rule is when adding a person - a new household member is added back to the first of the month in which the change is reported.

Example 32: If Jacob reported to his ESS on 10/1 that his rent increased on 9/1, he will be given 10 days to verify the increase. The earliest his FS would increase would be 11/1 if verified before adverse action and 12/1 if verified after adverse action.

FAILURE TO REPORT A CHANGE

If the agency discovers that a household failed to report a change which they were required to report and the household received benefits to which it was not entitled, the agency must process an overpayment claim. If the change is discovered by the ESS during the certification period, the household is entitled to a 10 day notice of adverse action if the household's benefits are reduced. A household will not be held liable for a claim because of a change in household circumstance which it was not required to report. See the list above of changes households are required to report.

In any case, clearly document the change, the action taken, and the reasoning for the action taken.

REVIEWS

All of the above verification criteria for determining a best estimate of income apply to reviews, as well as applications. Remember to ask the same list of questions covered earlier in this document. Determine if there have been any changes in the case. Clearly document your findings.

1. Any change in household composition?
2. Any change in unearned income?
3. Any change in address and/or shelter expenses?
4. Any change in assets including vehicles?
5. Any change in child support obligations?
6. Any change in medical or child care expenses?
7. Rate of pay (has it changed; is it going to change?)
8. Hours of work (is there a shift differential?)
9. Are bonuses, tips or commissions paid, and if so, how often?
10. Is there any recent overtime? Is it expected to continue in the future?
11. Pay dates and length of pay periods (are any stubs missing?)
12. Is the position considered full or part time by the employer?
13. Have all sources of income that have ended been verified?

AVAILABILITY

Only income and assets that are actually available will be prospectively budgeted. Income and/or assets are available when the individual has a legal interest and can make it available for support and maintenance.

Income and assets are considered unavailable when the individual can reasonably document that although s/he has a legal interest in the resource, it cannot be made available.

DOCUMENTATION

Document your case files to support eligibility, ineligibility, and benefit level determinations. Your documentation must be of sufficient detail to permit a reviewer to determine the reasonableness and accuracy of the determination.

CONTACT

DES CARES Information & Problem Resolution Center

Email: carpolcc@dwd.state.wi.us
Telephone: 608-261-6317 (Option #1)
Fax: 608-266-8358

Note: Email contacts are preferred. Thank you.